

ORIGINAL

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APPLE INC.

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

Case No. 1327

COMPLAINT FOR

- (1) Trademark Infringement; False Designation of Origin and False Description (Lanham Act § 43(a), 15 U.S.C. § 1125(a))**
- (2) Dilution (Lanham Act § 43(c), 15 U.S.C. § 1125(c))**
- (3) Trademark Infringement (Common Law)**
- (4) Dilution (Cal. Bus. & Prof. Code § 14330 and Common Law)**
- (5) Unfair Competition (Cal. Bus. & Prof. Code § 17200)**

DEMAND FOR JURY TRIAL

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COMPLAINT

1 Plaintiff Apple Inc. ("Apple") brings this action to enjoin Amazon.com,
 2 Inc.'s ("Amazon") unauthorized use of Apple's APP STORE™ trademark. Apple seeks
 3 preliminary and permanent injunctive relief and damages under the laws of the United
 4 States and the State of California and alleges on knowledge as to itself and its own acts,
 5 and on information and belief as to all other matters, as follows:

6 **NATURE OF ACTION**

7 1. Apple is a market leading computer hardware, software, and mobile
 8 computing technology and services company. Its APP STORE mobile software download
 9 service has transformed the way that mobile device users customize and expand the
 10 functionality of their devices. Apple, long renowned for its innovation and product
 11 design, introduced the APP STORE service and coined the APP STORE mark just over
 12 two and ½ years ago. In that short period of time, the service has experienced
 13 phenomenal growth and success, and the service is now used by over 160 million
 14 consumers worldwide who have downloaded more than 10 billion software programs.

15 2. Recently, Amazon has begun improperly using Apple's APP STORE
 16 mark in connection with Amazon's mobile software developer program. Amazon has also
 17 taken actions which, on information and belief, evidence Amazon's intent to improperly
 18 use Apple's mark in connection with Amazon's mobile software download service.
 19 Amazon's present and intended uses are unauthorized and unlawful.

20 **PARTIES**

21 3. Plaintiff Apple is a corporation organized and existing under the laws
 22 of the State of California and has its principal place of business in Cupertino, California.

23 4. On information and belief, defendant Amazon is a corporation
 24 organized and existing under the laws of the State of Delaware, with its principal place of
 25 business in Seattle, Washington.

26 **JURISDICTIONAL STATEMENT**

27 **Jurisdiction**

28 5. The Court has jurisdiction over this action pursuant to 28 U.S.C. §
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1 1331 and 1338, 15 U.S.C. §§ 1116 and 1125, and 28 U.S.C. § 1367.

2 **Venue**

3 6. Venue lies within this district because a substantial part of the events
 4 giving rise to these claims occurred in this district and Amazon resides in this judicial
 5 district for purposes of 28 U.S.C. § 1391(b) and (c).

6 **Intradistrict Assignment**

7 7. This action arises in Santa Clara County because a substantial part of
 8 the events giving rise to the claim occurred in Santa Clara County. This is an intellectual
 9 property action subject to district-wide assignment pursuant to Civil Local Rule 3-2(c).

10 **FACTUAL ALLEGATIONS**

11 **Apple Coins, Uses In Commerce, And Protects APP STORE**

12 8. On July 11, 2008, Apple launched its APP STORE service. This
 13 service allows users of Apple's iPhone, iPod and, most recently, iPad mobile devices, and
 14 users of computers running Apple's iTunes software, to browse for and license a wide
 15 range of third party software programs, including games, business, educational, finance,
 16 news, sports, productivity, social networking, health, reference, travel, and utility
 17 software.

18 9. Prior to the introduction of the APP STORE service, operators of
 19 mobile communications networks offered a variety of downloadable mobile software such
 20 as ringtones, wallpapers, and games. The operators branded their download services with
 21 a variety of terms that bore no similarity to APP STORE. For example, Verizon called its
 22 mobile software download service the "Get It Now virtual store" and later changed the
 23 name of that service to the "Verizon Media Store."

24 10. When it launched, the APP STORE service represented a
 25 revolutionary kind of online software service and was an instant commercial and critical
 26 success. As a columnist for *The New York Times* remarked soon after the launch of the
 27 service, "[n]othing like the App Store has ever been attempted before." Apple coined the
 28 term APP STORE as a means of branding its new service. The term APP STORE was not

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1 in general use in connection with the distribution of software programs prior to Apple's
2 adoption of the term as a trademark.

3 11. The APP STORE service serves as the distribution center for a
4 variety of software programs developed by third parties or by Apple. For example, if a
5 user of an Apple mobile device wishes to play the popular "Angry Birds" video game, she
6 would touch the "App Store" icon on her mobile device, search for the "Angry Birds"
7 program and obtain a copy of that program on her device by licensing the software
8 through the APP STORE service.

9 12. In order to distribute software programs through the APP STORE
10 service, third party software developers are required to sign a distribution agreement in
11 which the developer appoints Apple as its worldwide agent for delivery of the software
12 programs. All of the software programs that are available through the APP STORE
13 service are licensed to consumers, not sold.

14 13. To date, there have been more than 10 billion downloads of programs
15 through the service by more than 160 million consumers worldwide. An average of over a
16 million downloads take place every hour worldwide. There are currently more than
17 350,000 software programs available for download on the APP STORE service.

18 14. Apple has extensively advertised, marketed and promoted the APP
19 STORE service and the APP STORE mark, spending millions of dollars on print,
20 television, and internet advertising. News outlets have also commented extensively and
21 repeatedly on the operations of the APP STORE service in the months and years
22 following its launch. The enormous public attention given the APP STORE service, and
23 the success of the service, have cemented the public's identification of APP STORE as a
24 trademark for Apple's service. Moreover, Apple has obtained registrations of the APP
25 STORE mark covering more than fifty foreign jurisdictions, including the European
26 Union, Japan, and China.

27 15. Apple has applied to register the APP STORE mark in the United
28 States. The U.S. Patent and Trademark Office approved Apple's application to register

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1 APP STORE as a trademark. Microsoft has opposed that application's registration. The
2 matter is currently subject to opposition proceedings before the Trademark Trial And
3 Appeal Board.

4 16. From Apple's launch of the APP STORE service in 2008, Apple has
5 prominently featured the APP STORE mark in print advertising in the United States,
6 California, and elsewhere. The mark has been featured in such print advertising
7 sponsored both by Apple as well as AT&T (which offers wireless connectivity for certain
8 Apple mobile devices). These ads have appeared in such magazines and newspapers as
9 *Fortune*, *The New Yorker*, *The Economist*, *Newsweek*, *Time*, *The New York Times*, the
10 *Washington Post*, as well as numerous other regional and local newspapers.

11 17. As part of its marketing for the APP STORE service, Apple has
12 implemented a unique television advertising campaign. Most recently, Apple has aired
13 nationwide television commercials that state "If you don't have an iPhone - you don't
14 have the App Store." These commercials highlight the different computer software
15 programs available through the APP STORE service and the variety of functions each
16 computer software program serves. These commercials verbally refer to the APP STORE
17 mark and also depict the APP STORE mark as featured on Apple's devices. Apple has
18 aired these and other commercials regarding its APP STORE services on all the major
19 television broadcast stations in the United States, including ABC, CBS, NBC, FOX, The
20 CW, BET, Comedy Central, CNN, ESPN, MTV, TBS, TNT, and VH1. As a result,
21 millions of consumers in the United States and California have been exposed to Apple's
22 television campaigns.

23 18. Not surprisingly given the success of Apple's APP STORE service,
24 the service and Apple's APP STORE mark have been the subject of an overwhelming
25 amount of high-profile positive unsolicited media coverage in the United States and
26 California. These articles recognize the APP STORE mark as referring exclusively to
27 Apple's service.

28 19. The phenomenal popularity of Apple's mobile software download
COMPLAINT

1 service has prompted a number of competitors to offer their own services. In fact,
2 Microsoft, Google, Nokia, Research in Motion (Blackberry), Sprint, Verizon and other
3 major companies now offer software download services for mobile operating systems that
4 compete with Apple's mobile operating system. These competitors have found ways of
5 branding and describing their own mobile software download services without using the
6 term APP STORE. For example, Microsoft uses the term MARKETPLACE to refer to its
7 service and uses the descriptor "virtual store for apps."

8 20. In limited instances, third parties have made improper use of the term
9 APP STORE. In response, Apple has contacted those parties and requested that they
10 cease and desist from further use of the mark. In almost every instance, the entities
11 contacted by Apple agreed to cease use of Apple's APP STORE mark.

12 **Amazon Unlawfully Uses APP STORE And Threatens Expanded Unlawful Use**

13 21. In approximately January of 2011, Amazon began soliciting software
14 developers to participate in a future mobile software download service offered by
15 Amazon. On information and belief, Amazon began unlawfully using the APP STORE
16 mark in or about that same month.

17 22. Amazon has unlawfully used the APP STORE mark to solicit
18 software developers throughout the United States, including in the Northern District of
19 California. Amazon's unlawful use includes, but on information and belief is not limited
20 to, such use at web pages accessed through the developer.amazon.com URL.

21 23. At no time has Amazon received a license or authorization from
22 Apple to use the APP STORE mark.

23 24. On or about January 19, February 9, and March 14, 2011, Apple
24 communicated with Amazon and demanded that Amazon cease its use of the APP STORE
25 mark. Amazon has not provided a substantive response to any of Apple's
26 communications.

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1 25. Amazon is currently unlawfully using the APP STORE mark in
 2 connection with what Amazon terms the “Amazon Appstore Developer Portal” and the
 3 “Amazon Appstore Developer Program.” The following is a screenshot of Amazon’s
 4 website showing that use on March 17, 2011:



1 26. Recently, Amazon expanded its infringing use of the APP STORE
 2 mark—using the mark in connection with advertisements for a forthcoming software
 3 product called “Angry Birds Rio” to be offered through “the Amazon Appstore.” A
 4 screenshot showing that use on Amazon’s website on March 17, 2011 is set forth below:



1 27. A similar infringing use by Amazon—referencing “amazon
2 appstore”—is shown in the following screenshot taken from Amazon’s website on March
3 17, 2011:

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27. As referenced in Paragraph 25 above, Amazon’s website indicates that “Angry Birds Rio Is Coming Soon,” which indicates that Amazon intends to expand its unlawful use of the APP STORE mark by using that mark “soon” in connection with the launch of Amazon’s mobile software download service. Apple is informed and believes that Amazon intends to use the APP STORE mark in the Northern District of California in connection with Amazon’s mobile software download service.

29. Amazon’s ongoing unlawful use of the APP STORE mark has irreparably harmed Apple, and Amazon’s threatened expansion of that unlawful use will increase the irreparable harm to Apple.

FIRST CAUSE OF ACTION

(Trademark Infringement; False Designation Of Origin/Description – Lanham Act § 43(a), 15 U.S.C. § 1125(a))

30. Apple repeats and realleges each and every allegation of paragraphs 1 through 29 above, and incorporates them by reference as if fully set forth herein.

31. Apple has used its APP STORE trademark since 2008 to identify its services in California, in the United States, and worldwide. The general consuming public of the United States widely recognizes the APP STORE mark as designating Apple as the source of services and/or goods.

32. Amazon's use of Apple's APP STORE mark constitutes a false designation of origin and/or a false or misleading description or representation of fact that is likely to cause confusion, to cause mistake, or to deceive as to (a) the affiliation, connection, or association of Amazon with Apple and/or (b) the origin, sponsorship, or approval of Amazon's goods, services, or commercial activities by Apple. For example, consumers of mobile software downloads are likely to be confused as to whether Amazon's mobile software download service is sponsored or approved by Apple or is merely a conduit for Apple's APP STORE service.

33. Amazon's wrongful activities have caused Apple irreparable injury. Apple is informed and believes that unless said conduct is enjoined by this Court, Amazon will continue and expand those activities to the continued and irreparable injury of Apple. This injury includes a reduction in the distinctiveness of Apple's APP STORE mark and injury to Apple's reputation that cannot be remedied through damages, and Apple has no adequate remedy at law. Apple is entitled to preliminary and permanent injunctions pursuant to 15 U.S.C. § 1116 restraining and enjoining Amazon and its agents, servants, employees, and all persons acting thereunder, in concert with, or on their behalf, from using in commerce the APP STORE mark or any colorable imitation thereof.

34. Pursuant to 15 U.S.C. § 1117, Apple is also entitled to recover (i)

1 Amazon's profits, (ii) Apple's ascertainable damages, and (iii) Apple's costs of suit.
 2 Amazon's willful use of Apple's APP STORE mark without excuse or justification
 3 renders this an exceptional case and entitles Apple to its reasonable attorney fees.

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5 **SECOND CAUSE OF ACTION**

6 **(Dilution – Lanham Act § 43(c), 15 U.S.C. § 1125(c))**

7 35. Apple repeats and realleges each and every allegation of paragraphs 1
 8 through 34 above, and incorporates them by reference as if fully set forth herein.

9 36. The APP STORE mark is famous and distinctive, and that mark
 10 became famous prior to Amazon's commencement of use of the mark.

11 37. Amazon's existing and intended use of the APP STORE mark for its
 12 developer program and/or its mobile software download service online marketplace are
 13 likely to cause dilution by blurring or dilution by tarnishment of the APP STORE mark.
 14 For example, Amazon's use of the APP STORE mark is likely to reduce the
 15 distinctiveness of that mark by reducing the general consuming public's association of the
 16 mark with Apple's services.

17 38. Amazon's wrongful activities have caused Apple irreparable injury.
 18 Apple is informed and believes that unless said conduct is enjoined by this Court, Amazon
 19 will continue and expand those activities to the continued and irreparable injury of Apple.
 20 This injury includes a reduction in the distinctiveness of Apple's APP STORE mark that
 21 cannot be remedied through damages, and Apple has no adequate remedy at law. Apple is
 22 entitled to preliminary and permanent injunctions pursuant to 15 U.S.C. § 1116 restraining
 23 and enjoining Amazon and its agents, servants, employees, and all persons acting
 24 thereunder, in concert with, or on their behalf, from using in commerce the APP STORE
 25 trademark or any colorable imitation thereof.

26 39. Amazon first used the APP STORE mark after October 6, 2006 and
 27 Amazon willfully intended to trade on the recognition of the APP STORE mark and/or
 28 intended to harm the reputation of the APP STORE mark. Pursuant to 15 U.S.C. §§ 1117

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1 and 1125(c)(5) Apple is also entitled to recover (i) Amazon's profits, (ii) Apple's
 2 ascertainable damages, and (iii) Apple's costs of suit. Amazon's willful use of Apple's
 3 APP STORE mark without excuse or justification renders this an exceptional case and
 4 entitles Apple to its reasonable attorney fees.

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6 **THIRD CAUSE OF ACTION**

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(Trademark Infringement – Common Law)

8 40. Apple repeats and realleges each and every allegation of paragraphs 1
 9 through 39 above, and incorporates them by reference as if fully set forth herein.

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11 41. The general consuming public of California widely recognizes the
 12 APP STORE mark as designating Apple as the source of services and/or goods. Apple
 13 has common law trademark rights in the APP STORE mark under California law.

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15 42. Amazon's wrongful activities in the State of California have caused
 16 Apple irreparable injury. Apple is informed and believes that unless said conduct is
 17 enjoined by this Court, Amazon will continue and expand those activities to the continued
 18 and irreparable injury of Apple. This injury includes a reduction in the distinctiveness of
 19 Apple's APP STORE mark and injury to Apple's reputation that cannot be remedied
 20 through damages, and Apple has no adequate remedy at law. Apple is entitled to
 21 preliminary and permanent injunctions restraining and enjoining Amazon and its agents,
 22 servants, employees, and all persons acting thereunder, in concert with, or on their behalf,
 23 from using in commerce the APP STORE mark or any colorable imitation thereof.

24

25 43. Apple is also entitled to recover (i) Amazon's profits, (ii) Apple's
 26 ascertainable damages, and (iii) Apple's costs of suit. Amazon's willful use of Apple's
 27 APP STORE mark without excuse or justification entitles Apple to its reasonable attorney
 28 fees.

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FOURTH CAUSE OF ACTION

(Dilution – Cal. Bus. & Prof. Code § 14330 and Common Law)

44. Apple repeats and realleges each and every allegation of paragraphs 1 through 43 above, and incorporates them by reference as if fully set forth herein.

45. Amazon's actual and intended use of the APP STORE mark in California (i) has diluted, and on information and belief will continue to dilute, the distinctive quality of the APP STORE mark and/or (ii) has tarnished, and on information and belief will continue to tarnish, the image of Apple's APP STORE mark, in violation of Section 14330 of the California Business and Professions Code.

46. Amazon's wrongful activities in the State of California have caused Apple irreparable injury. Apple is informed and believes that unless said conduct is enjoined by this Court, Amazon will continue and expand those activities to the continued and irreparable injury of Apple. This injury includes a reduction in the distinctiveness of Apple's APP STORE mark and injury to Apple's reputation that cannot be remedied through damages, and Apple has no adequate remedy at law. Apple is entitled to preliminary and permanent injunctions restraining and enjoining Amazon and its agents, servants, employees, and all persons acting thereunder, in concert with, or on their behalf, from using in commerce the APP STORE trademark or any colorable imitation thereof.

FIFTH CAUSE OF ACTION

(Unfair Competition – Cal. Bus. & Prof. Code § 17200 and Common Law)

47. Apple repeats and realleges each and every allegation of paragraphs 1 through 46 above, and incorporates them by reference as if fully set forth herein.

48. Amazon's acts, as alleged above, constitute unlawful and/or unfair business practices in violation of the California Unfair Competition Law ("UCL"), Cal. Bus. & Prof. Code §§ 17200 et seq.

49. Amazon acts are unlawful and/or unfair under the UCL because

1 Amazon's actual and intended use of the APP STORE mark in California is likely to
2 confuse consumers as to the source, origin, or affiliation of Amazon's services, to dilute
3 the distinctiveness of Apple's APP STORE mark, and/or to tarnish the image of Apple's
4 APP STORE mark.

5 50. Amazon's acts of unfair competition in the State of California have
6 caused Apple irreparable injury. Apple is informed and believes that unless said conduct
7 is enjoined by this Court, Amazon will continue and expand those activities to the
8 continued and irreparable injury of Apple. This injury includes a reduction in the
9 distinctiveness of Apple's APP STORE mark and injury to Apple's reputation that cannot
10 be remedied through damages, and Apple has no adequate remedy at law. Apple is
11 entitled to preliminary and permanent injunctions restraining and enjoining Amazon and
12 its agents, servants, employees, and all persons acting thereunder, in concert with, or on
13 their behalf, from using in commerce the APP STORE trademark or any colorable
14 imitation thereof.

15 51. As a direct and proximate result of Amazon's statutory unfair
16 competition, Amazon has been unjustly enriched in an amount to be determined at trial.
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18 **PRAAYER FOR RELIEF**

19 WHEREFORE, Apple hereby requests that this Court:

20 A. Enter preliminary and permanent injunctions restraining and
21 enjoining Amazon and its agents, servants, employees, and all persons
22 acting thereunder, in concert with, or on their behalf, from using in
23 commerce the APP STORE mark or any colorable imitation or confusingly
24 similar variation thereof;

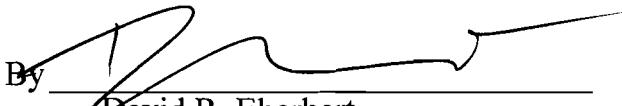
25 B. Enter preliminary and permanent injunctions requiring Amazon and
26 its agents, servants, and employees, and all persons acting thereunder in
27 concert with, or on their behalf, to immediately cease from causing any and
28 all dilution and/or tarnishment of Apple's APP STORE mark;

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- 1 C. Award Apple its ascertainable damages, costs, and attorneys' fees;
- 2 D. Award Apple Amazon's profits attributable to Amazon's
- 3 unauthorized use of Apple's APP STORE mark.
- 4 E. Impose a constructive trust in favor of Apple on all profits obtained
- 5 from Amazon's misappropriation of Apple's APP STORE trademark.
- 6 F. Award Apple all amounts by which Amazon has been unjustly
- 7 enriched through its use of Apple's APP STORE mark.
- 8 G. Award such other and further relief as this Court deems just and
- 9 proper.

10
11 Dated: March 18, 2011

12 O'MELVENY & MYERS LLP

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15 By 
16 David R. Eberhart
17 Attorneys for Plaintiff APPLE INC.
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COMPLAINT

1 JURY DEMAND

2 Apple respectfully requests a jury trial on all issues triable thereby.

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Dated: March 18, 2011

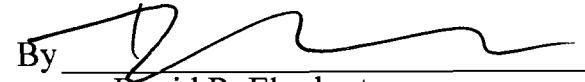
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